

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

2006 DEC 19 P 3:59

AZ CORP COMMISSION
DOCUMENT CONTROL

57

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS PARADISE
VALLEY DISTRICT

DOCKET NO. W-01303A-05-0405

Arizona Corporation Commission

DOCKETED

DEC 19 2006

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY
FOR APPROVAL OF AN AGREEMENT
WITH THE PARADISE VALLEY COUNTRY
CLUB.

DOCKET NO. W-01303A-05-0910

**NOTICE OF FILING
ARIZONA-AMERICAN WATER COMPANY
PARADISE VALLEY WATER DISTRICT
STEP-ONE ACRM**

On July 28, 2006, in Decision No. 68858, the Commission approved an Arsenic Recovery Mechanism ("ACRM") for the Paradise Valley Water District of Arizona-American Water Company ("Arizona-American"). As authorized by that Decision, Arizona-American hereby submits its Step-One ACRM filing for the Paradise Valley Water District. This filing supports a Step-One ACRM surcharge of \$15.67 on the monthly minimum charge and \$0.4788 per 1000 gallons on the commodity rate. Largely because average water consumption in Paradise Valley is quite high (44,270 gallons per month), Arizona-American estimates that the average residential bill impact will be \$37.21 per month.

Please note that this Step-One request includes only the capital-related costs associated with Arizona-American's new arsenic-treatment facility serving its Paradise Valley Water District.

1 At present, Arizona-American's actual adjusted return on equity for its Paradise Valley
2 Water District is negative (6.7%), compared to an allowed 10.4% return on equity.

3 The filing is supported by the schedules and workpapers required under the Commission's
4 ACRM procedure. Copies of all schedules and workpapers are also being provided to Commission
5 Staff and the Residential Utility Consumer Office ("RUCO") in Microsoft Excel format.

6 Arizona-American notified every resident of the Paradise Valley Water District two years
7 ago by letter that this arsenic related rate increase was coming; since then it has been discussed in
8 the local media and elsewhere in the community. The Commission's recent rate order (Decision
9 No. 68858), which included approval of a high block surcharge to encourage conservation and fund
10 requested fire-flow improvements, has further focused attention in Paradise Valley on water rates.¹
11 The approval of the ACRM Step-1 increase is an important piece in the overall water rate design for
12 Paradise Valley, as high water users in that community have noted that the high block surcharge is a
13 "progressive" rate design. By contrast, an ACRM is a "regressive" rate design. It was the
14 combination of the two surcharges that the Commission examined in the recent rate case. This
15 overall design results in all customers shouldering the increased cost of water service in that
16 community.

17 In Arizona-American's post hearing-schedules filed in this docket, we estimated ACRM
18 Step-1 increases of \$22.25 for the monthly minimum charge and \$0.6412 per every 1000 gallons
19 consumed. The actual requested increases in this filing are \$6.58 lower for the monthly minimum
20 charge and \$0.1624 lower for every 1,000 gallons consumed.

21 Also located on the same site as Arizona-American's new arsenic removal facility are a new
22 customer service business office and a 1.5 million-gallon storage tank needed to improve fire flows.
23 The costs for these two projects are **not** included in this ACRM request. Arizona-American has
24 made every effort to properly remove all direct and indirect **non**-arsenic related costs from the two
25 task orders that had shared costs. As part of this filing, we have also documented our efforts to

¹ After Decision No. 68858, Arizona-American provided its customers the Commission-required bill insert.

1 remove all non-arsenic-related costs, so that, we hope, it should be straightforward to audit all costs
2 and verify that all non-arsenic related costs were removed.

3 Arizona-American will include the costs for the new customer service business office in its
4 next rate case. The costs for improving fire flows will be recovered as funds are collected through
5 the recently approved high block and public safety surcharges.

6 Arizona-American also removed \$626,768 in legitimate engineering overhead charges
7 which, although appropriate for rate recovery, were deemed in earlier ACRM decisions to not be
8 appropriate for ACRM recovery. As a result, our shareholder will continue to fund these costs until
9 the next Paradise Valley rate case.

10 In addition to these exclusions, the ACRM—by design only a partial cost-recovery
11 mechanism—excludes any increase in property taxes and electricity expense. These costs will also
12 be temporarily funded by our shareholder.

13 An Allowance for Funds Used during Construction (“AFUDC”) equal to the following rates
14 has been applied to the Paradise Valley Arsenic facility:

15

<i>Date</i>	<i>AFUDC Rate Applied</i>	<i>Approved AFUDC Rate</i>	<i>Decision</i>	<i>Decision Date</i>
Through May 04, 2006	8.73%	9.33%	61831	Jul. 20, 1999
Present	6.5%	7.24%	68858	Jul. 28, 2006

16 Arizona State University recently completed an economic and demographic review for the
17 Company and reports the following for our Paradise Valley Water District residents (as represented
18 by census tracts 1050.02 and 1051.03):

- 19
- Mean household income in the year 2000 was \$151,630 or 288% of the statewide
20 average of \$52,565. ASU states “Forty percent of the households in Paradise Valley
21 reported income in the open bracket \$200,000 or more. Estimates of mean income in
22 this district are inaccurate and probably downward biased.” This is because the mean
23 income calculation relies upon the amount of \$200,000 for households with income in
24 excess of \$200,000.

- 4.6% of the households reported annual income below \$20,000.
- 22.5% of the population is 65 years of age or older

As a further gauge of the reasonableness of Arizona-American's request, the Commission recently approved ACRM commodity-rate surcharges of \$0.4654 per thousand gallons and \$0.6302 per thousand gallons for Arizona-American's Sun City West and Havasu Water Districts. The \$0.4487 per-thousand-gallons commodity-rate surcharge we have requested for our Paradise Valley Water District is actually less than the Commission approved for these other two districts.

Arizona-American is sensitive to the concerns of its Paradise Valley customers about increasing water rates. We have spoken to many customers in recent weeks and have provided more information, as well as audits and advice concerning individual accounts, as part of our effort to help reduce water consumption.

Arizona-American's contact person for this filing is:

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RESPECTFULLY SUBMITTED on December 19, 2006.



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2 on December 19, 2006, with:

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4 Docket Control
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9 Copies of the foregoing **mailed**
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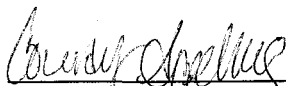
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PARADISE VALLEY

ACRM STEP-1

STANDARD FILING SCHEDULES

Arizona-American Water Company
Paradise Valley Water District
Docket No. W-01303A-05-0404
As of September, 2006
Balance Sheet

Line No.	Description	[A] Total Company Sep. 2006	[B] Paradise Valley Sep. 2006 ¹	[C] Capital Structure Per Decision 68858
1	ASSETS			
2	Utility Plant	\$ 576,199,972		
3	Construction work in progress	47,780,697		
4	Accumulated depreciation	(116,430,688)		
5	Utility plant acquisition adjustment	29,568,220		
6	Other utility plant adjustments	-		
7				
8	Sub-total Utility Plant	\$ 537,118,201		
9				
10	Non-Utility property	138,301		
11	Other investments	1,114,223		
12				
13				
14	Current Assets	14,780,329		
15				
16	Deferred debits	17,180,498		
17				
18	Total Assets	\$ 570,331,552		
19				
20	CAPITAL AND LIABILITIES			
21	Common Stock	\$ 522,880		
22	Paid in capital	149,468,228		
23	Retained Earnings	(21,784,173)		
24				
25	Total common equity	\$ 128,206,935	\$ 5,274,567	36.7%
26				
27	Preferred stock	-		
28	Long term debt	202,787,941	\$ 9,097,551	63.3%
29				
30	Total capitalization	\$ 330,994,876	\$ 14,372,118	100%
31				
32				
33	Current liabilities	37,185,550 ²		
34				
35				
36	Deferred credits	172,443,572		
37				
38	Contributions in aid of construction	29,707,553		
39				
40	Total capital and liabilities	\$ 570,331,551		
41				
42				
43				

¹Allocated on basis of capital structure approved in Decision 68858.

²Includes \$4.5m in general mortgage bonds callable as of September 2006 under event of default.

Line No.	Description	[A] Total Company Sep. 2006	[B] Paradise Valley Sep. 2006
1	Operating Revenues		
2	Water Revenues	42,340,168	5,116,717
3	Sewer Revenues	14,708,791	-
4	Other Revenues	3,076,334	296,003
5	Total Operating Revenues	60,125,293	5,412,720
6			
7	Operating Expenses		
8	Total Maintenance & Operations Expense	38,982,683	4,513,799
9	Depreciation & Amortization	16,669,011	941,518
10	General Taxes	3,064,935	863,140
11	Income Taxes	(2,353,714)	(236,911)
12	Total Operating Expenses	56,362,915	6,081,547
13			
14	Utility Operating Income	3,762,378	(668,826)
15			
16	Other Income	3,667,105	3,274,207
17			
18	Income Before Interest Charges	7,429,483	2,605,381
19			
20	Interest Charges - Net	9,619,914	226,571
21			
22	Net Income	(2,190,431)	2,378,809
23			
24	Corporate Division Allocator		8.23%
25	Central Division Allocator		9.24%
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Line No.	Description	[A] Paradise Valley Sep. 2006 Actual	[B] ADJ-1	[C] ADJ-2	[D] ADJ-3	[E] ADJ-4	[F] ADJ-5	[G] ADJ-6	[H] Paradise Valley Sep. 2006 Adjusted
1	Operating Revenues								
2	Total Operating Revenues	5,412,720	-	(276,020)	-	-	-	-	5,136,700
3									-
4	Operating Expenses								-
5	Total Maintenance & Operations Expense	4,513,799	(42,568)	(584,415)	-	-	-	-	3,886,816
6	Depreciation & Amortization	941,518	-	-	-	-	-	-	941,518
7	General Taxes	863,140	-	(19,698)	-	-	-	(582,074)	261,368
8	Income Taxes	(236,911)	-	-	-	143,903	-	-	(93,008)
9	Total Operating Expenses	6,081,547	(42,568)	(604,113)	-	143,903	-	(582,074)	4,996,694
10									-
11	Utility Operating Income	(668,826)	42,568	328,092	-	(143,903)	-	582,074	140,006
12									-
13	Other Income	3,274,207	-	-	-	-	(3,274,207)	-	-
14									-
15	Income Before Interest Charges	2,605,381	42,568	328,092	-	(143,903)	(3,274,207)	582,074	140,006
16									-
17	Interest Charges - Net	226,571	-	-	264,955	-	-	-	491,526
18									-
19	Net Income	2,378,809	42,568	328,092	(264,955)	(143,903)	(3,274,207)	582,074	(351,521)
20									-
21	Rate Base - O.C.L.D. (Sch. 7 Ln. 31 Col. D)	14,372,118							14,372,118
22									-
23	Authorized ROR (Dec. 68858)	7.24%							7.24%
24									-
25	Actual ROR (Ln. 11 + Ln. 21)	-4.65%							0.97%
26									-
27	Operating Margin (Ln. 11 + Ln. 2)	-12.36%							2.73%
28									-
29	Interest Coverage (Ln. 11 + Ln. 8 + Ln. 17)	(4.00)							0.10
30									-
31	Allocated Equity (Sch. 1 Ln. 25 Col. C x Ln. 21)	5,274,567							5,274,567
32									-
33	Authorized ROE (Dec. 68858)	10.40%							10.40%
34									-
35	Actual ROE (Ln. 19 (less non-recur. chgs.) + Ln. 31)	9.03%							-6.66%

Arizona-American Water Company
Paradise Valley Water District
Docket No. W-01303A-05-0404
12 Months Ending September 2006
Earnings Test
ADJ-1

Line No.	Adjust Rate Case expense to reflect authorized Rate Case expense	
1		
2		
3	Authorized Rate Case expense (Dec. 68858)	\$ 69,567
4		
5	Actual Rate Case expense	112,135
6		
7	Adjustment to Regulatory Expense	<u>\$ (42,568)</u>
8		
9	Adjustment to Revenues/Expenses	<u>\$ (42,568)</u>
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Line No.	Remove Miller Road Treatment Facility Revenues & Expenses	
1		
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3	Net Revenues/Reimbursement Received from Motorola	\$ 276,020
4		
5	MRTF Maintenance & Operations Expense	584,415
6		
7	MRTF General Taxes	19,698
8		
9	Adjustment to Operating Revenues	<u>\$ (276,020)</u>
10		
11	Adjustment to Operating Expenses	<u>\$ (604,113)</u>
12		
13	Adjustment to Utility Operating Income	328,092
14		
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Line No.	Synchronize Interest Expense with Rate Base/Remove AFUDC Interest Income
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\$ 226,571

14,372,118

3.42%

\$ 491,526

\$ 264,955

\$ 264,955

Actual Interest expense

Rate Base - O.C.L.D.

Weighted Cost of Debt (Dec. 68858)

Synchronized Interest/Adjusted Interest Expense

Adjustment to Interest Expense

Adjustment to Revenues/Expenses

Arizona-American Water Company
Paradise Valley Water District
Docket No. W-01303A-05-0404
12 Months Ending September 2006
Earnings Test
ADJ-4

Line No.	Adjust Income Taxes to Reflect Other Adjustments	
1		
2		
3	Operating Income Before Inc. Taxes	\$ 46,998
4	Interest Expense	491,526
5	Arizona Taxable Income	(444,529)
6		
7	Less Arizona Income Tax	(30,975)
8	Arizona Income Tax Rate =	6.968%
9		
10	Federal Income Before Taxes	(444,529)
11	Less Arizona Income Taxes	(30,975)
12	Federal Taxable Income	(413,554)
13		
14	FEDERAL INCOME TAXES:	
15	15% BRACKET UP TO	(62,033)
16	25% BRACKET UP TO	-
17	34% BRACKET UP TO	-
18	39% BRACKET UP TO	-
19	34% BRACKET OVER	-
20		
21	Federal Income Taxes:	\$ (62,033)
22		
23	Total Income Tax	\$ (93,008)
24		
25	Actual State Income Taxes	\$ (78,899)
26		
27	Adjustment to State Income Taxes	\$ 47,925
28		
29	Actual Federal Income Taxes	\$ (158,011)
30		
31	Adjustment to Federal Income Taxes	\$ 95,978
32		
33	Total Adjustment to Income Tax expense	\$ 143,903
34		
35	Adjustment to Revenues/Expenses	\$ 143,903
36		

Line No.	
1	<u>Remove Other Income</u>
2	
3	Total Other Income
4	
5	Adjustment to Other Income
6	
7	Adjustment to Revenues/Expenses
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\$ 3,274,207

\$ (3,274,207)

Below the line.

Line No.		
1	<u>Normalize Property Taxes</u>	
2		
3	Revenues: 12 mos ending Sep. 2003 (less MRTF Revenues)	\$ 5,230,461
4	Revenues: 12 mos ending Sep. 2004 (less MRTF Revenues)	4,416,819
5	Revenues: 12 mos ending Sep. 2005 (less MRTF Revenues)	4,800,671
6		
7	Subtotal (Ln. 3 + Ln. 4 + Ln. 5)	14,447,950
8	Number of Years	3
9	Three Year Average (Ln. 7 / Ln. 8)	4,815,983
10	Department of Revenue Multiplier	2
11	Revenue Base Value (Ln. 9 x Ln. 10)	9,631,967
12	Plus: 10% of CWIP	-
13	Less: Net Book Value of Licensed Vehicles	-
14	Full Cash Value (Ln. 11 + Ln. 12 + Ln. 13)	9,631,967
15	Assessment Ratio	25%
16	Assessment Value (Ln. 14 x Ln. 15)	2,407,992
17	Composite Property Tax Rate ¹	8.23540%
18	Normalized Property Tax Expense	198,308
19	Actual booked Property Tax Expense	794,593
20	MRTF Property Taxes removed in ADJ-2	(14,211)
21		
22	Adjustment to Property Taxes	<u>(582,074)</u>
23		
24	Adjustment to Revenues/Expenses	<u>(582,074)</u>
25		
26		
27		
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31		
32		
33	¹ Per Decision 68858	
34		
35		

Line No.	Description	Per Decision 68858	12 Months Ended Sep. 2006 Adjusted	Arsenic Treatment Plant Increase	Adjusted
1	Operating Revenues				
2	Total Operating Revenues	\$ 5,278,566	\$ 5,136,700	\$ 2,969,368	\$ 8,106,068
3					
4	Operating Expenses				
5	Total Maintenance & Operations Expense	2,859,562	3,886,816	-	3,886,816
6	Depreciation & Amortization	782,226	941,518	683,905	1,625,423
7	General Taxes	254,104	261,368	-	261,368
8	Income Taxes	344,439	(93,008)	882,164	789,156
9	Total Operating Expenses	4,240,331	4,996,694	1,566,068	6,562,763
10					
11	Utility Operating Income	1,038,235	140,006	1,403,300	1,543,305
12					
13	Rate Base O.C.L.D. (Sch. 7 Ln. 32)	\$ 14,351,471	\$ 14,372,118	\$ 19,382,673	\$ 33,754,791
14					
15	Authorized ROR (Dec. 68858)	7.24%	7.24%	7.24%	7.24%
16					
17	Actual ROR (Ln. 11 + Ln. 13)	7.23%	0.97%	7.24%	4.57%
18					
19	Operating Margin (Ln. 11 + Ln. 2)	19.67%	2.73%	47.26%	19.04%
20					
21	Interest Expense (synchronized interest)	\$ 490,820	\$ 491,526	\$ 662,887	\$ 1,154,414
22					
23	Interest Coverage (Ln. 11 + Ln. 8 + Ln. 21)	2.82	0.10	3.45	2.02
24					
25	Other Income and Deductions	-	-	-	-
26					
27	Allocated Equity (Sch. 1 Ln. 25 Col. C x Ln. 13)	\$ 5,266,990	\$ 5,274,567	\$ 7,113,441	\$ 12,388,008
28					
29	Authorized ROE (Dec. 68858)	10.40%	10.40%	10.40%	10.40%
30					
31	Actual ROE (Ln. 11 - Ln. 21 + Ln. 25 + Ln. 27)	10.40%	-6.66%	10.40%	3.14%
32					
33	Corporate Division Allocator	8.23%	8.23%	8.23%	8.23%
34					
35	Central Division Corporate Allocator	9.24%	9.24%	9.24%	9.24%

Line No.	[A]	[B]	[C]
1	Arsenic Plant Revenue Requirement		
2	Arsenic Plant in Service/Rate Base		
3	Depreciation rate		
4	Depreciation expense		
5	Depreciation expense net of tax savings ¹		
6	Recoverable O&M costs		
7	Recoverable O&M costs net of tax savings ¹		
8	Arsenic Operating Income		
9	Rate of return		
10	Required Rate of Return ²		
11	Required Operating Income		
12	Operating Income deficiency		
13	Gross revenue conversion factor ²		
14	Revenue deficiency		
15			
16			
17			
18			
19			
20			
21			
22	Rates	Proposed ACRM	Total
23	Minimum 5/8" Meter	Surcharge	Proposed
24	Commodity Rate 0 to 25,000 gallons	\$ 15.67	\$ 25.17
25	Commodity Rate 25,001 to 80,000 gallons	0.4788	1.2388
26	Commodity Rate 80,001 gallons and over	0.4788	2.1288
27		0.4788	4.8088
28			
29			
30			
31			
32			
33	¹ 38.5989 % tax rate per Dec. 68858		
34	² Decision no. 68858		
35	³ Public Safety Surcharge Treated as Contribution in Aid of Construction		

Line No.	Growth	[A] Customers	[B] Total Gallons Sold	[C] Gallons Sold Per Cust.	[D] Minimum	[E] Minimum Multiples	[F] Equivalent Meters	[G] Monthly Fixed Increment	[H] Annual Total
1	Sep. 2005 (Year 1)	4,711	2,993,289	635.38	9.50	1.0	2,390	\$ 15.67	\$ 449,364
2	Sep. 2006 (Year 2)	4,732	3,208,796	678.11	9.83	1.0	33	16.21	6,272
3	Year 2 minus Year 1	21	215,507	43	15.85	1.7	3,369	26.14	633,450
4	Percentage Change	0.45%	7.20%	6.72%	32.00	3.4	253	52.78	47,554
5	Avg Gallons (Col B Ln 1 + Col B Ln 2 + 2)		3,101,043		51.00	5.4	1,436	84.12	269,943
6					94.50	9.9	233	155.86	43,739
7					157.25	16.6	17	259.36	3,119
8					315.00	33.2	166	519.55	31,242
9									
10	Meter Size	Average Customers at Sep. 2006	Estimated Customers at Sep. 2007	Estimated Average Customers	Monthly Minimum				
11	5/8-inch	2,385	2,395	2,390	\$ 9.50	1.0	2,390	\$ 15.67	\$ 449,364
12	3/4-inch	32	32	32	9.83	1.0	33	16.21	6,272
13	1-inch	2,015	2,024	2,019	15.85	1.7	3,369	26.14	633,450
14	1.5-inch	75	75	75	32.00	3.4	253	52.78	47,554
15	2-inch	267	268	267	51.00	5.4	1,436	84.12	269,943
16	3-inch	23	23	23	94.50	9.9	233	155.86	43,739
17	4-inch	1	1	1	157.25	16.6	17	259.36	3,119
18	6-inch	5	5	5	315.00	33.2	166	519.55	31,242
19									
20									
21									
29	Total	4,803	4,824	4,813			7,896		1,484,684
30									
31									
32	Calculation of Surcharge				Minimum Surcharge				
33	Total costs to be recovered (Sch. 5 Col A Ln 14)	\$ 2,969,368		\$ 1,484,684					
34	Monthly Minimum Revenue (Col B Ln 33 + 2)			\$ 1,484,684					
35	Commodity Revenue (Col B Ln 33 + 2)			\$ 1,484,684					
36									
37	Monthly Increment Per Equivalent Meter								
38	Equivalent Meters (Col F Ln 29 x 12 Months)			94,754					
39									
40	Minimum Surcharge (Ln 34 + Ln 38)			\$ 15.67					
41									
42	Average Gallons (Col B Ln 5)			3,101,043					
43									
44	Commodity Surcharge (Ln 35 + Ln 42)			\$ 0.4788					

LINE NO.	[A] Per Decision 68858	[B] Arsenic Treatment Plant Increase	[C] Decision Plus Arsenic Treatment Plant	[D] Actual Balance Sep. 2006	[E] Arsenic Treatment Plant Increase	[F] Actual Balance Plus Arsenic Trtmt. Plant
1 Utility Plant						
2 Gross Utility Plant in Service	\$ 32,508,049	\$ 32,508,049	\$ 32,508,049	\$ 34,687,696	\$ 34,687,696	\$ 34,687,696
3 AFUDC Debt	950					
4 Accumulated Depreciation	(10,021,184)		(10,021,184)	(11,698,487)	(11,698,487)	(11,698,487)
5 Arsenic Removal Facilities	-	19,382,673	19,382,673	19,382,673	19,382,673	19,382,673
6 Accumulated Depreciation of Arsenic Plant	-	-	-	-	-	-
7						
8 Net Utility Plant in Service	\$ 22,487,815	\$ 19,382,673	\$ 41,869,538	\$ 22,989,209	\$ 19,382,673	\$ 42,371,882
9						
10 Deductions						
11 Advances in Aid of Construction	635,912		635,912	725,813		725,813
12 Contributions in Aid of Construction	10,580,649		10,580,649	10,590,775		10,590,775
13 Contributions from PS/High-Block Schg.	-		-	288,386		288,386
14 Accum. Amortization of CIAC	(4,094,090)		(4,094,090)	(5,015,136)		(5,015,136)
15 Imputed Regulatory Advances	-		-	-		-
16 Accum. Amortization of Regulatory AIAC	-		-	-		-
17 Imputed Regulatory Contributions	-		-	-		-
18 Accum. Amortization of Regulatory CIAC	-		-	-		-
19						
20 Customer Meter Deposits	3,500		3,500	16,800		16,800
21 Net Deferred Income Taxes & ITC	1,139,528		1,139,528	2,139,608		2,139,608
22						
23 Total Deductions	\$ 8,265,499	\$ -	\$ 8,265,499	\$ 8,746,246	\$ -	\$ 8,746,246
24						
25 Additions						
26 Allowance for Working Capital	129,155		129,155	129,155		129,155
27 Utility Plant Acquisition Adjustment	-		-	-		-
28						
29 Total Additions	\$ 129,155	\$ -	\$ 129,155	\$ 129,155	\$ -	\$ 129,155
30						
31 Total Rate Base	\$ 14,351,471	\$ 19,382,673	\$ 33,733,194	\$ 14,372,118	\$ 19,382,673	\$ 33,754,791
32						
33						
34						
35						

CWIP Account (GLOBAL)

Line No.	YEAR	Period / Month (GLPN)	Work Order / Subledger (GLSBL)	105050 - Accruals	105110 - History	105125 - Permit Bldgs	105150 - M&S	105200 - Co. Labor	105250 - Labor O.H.	105280 - Retainage	105290 - 105270 - Svc. Co. Charges	105350 - AFUDC Debt	105375 - AFUDC Debt	Total	Adjust 105280- Overhead	Adjustments to Invoice	Adjusted Total
1	2004	Jan	50008455					254	151	176,430				176,835			176,835
2		Feb	50008455											3,905	(2,210)		1,695
3		Mar	50008455											1,233	(1,161)		72
4		Apr	50008455											1,233	(1,161)		72
5		May	50008455											1,233	(1,161)		72
6		Jun	50008455											1,233	(1,161)		72
7		Jul	50008455											1,233	(1,161)		72
8		Aug	50008455											1,233	(1,161)		72
9		Sep	50008455											1,233	(1,161)		72
10		Oct	50008455											1,233	(1,161)		72
11		Nov	50008455											1,233	(1,161)		72
12		Dec	50008455											1,233	(1,161)		72
13	2005	Jan	50008455					294	163	1,023,577				1,023,871			1,023,871
14		Feb	50008455											8,217	(8,217)		0
15		Mar	50008455											8,217	(8,217)		0
16		Apr	50008455											8,217	(8,217)		0
17		May	50008455											8,217	(8,217)		0
18		Jun	50008455											8,217	(8,217)		0
19		Jul	50008455											8,217	(8,217)		0
20		Aug	50008455											8,217	(8,217)		0
21		Sep	50008455											8,217	(8,217)		0
22		Oct	50008455											8,217	(8,217)		0
23		Nov	50008455											8,217	(8,217)		0
24		Dec	50008455											8,217	(8,217)		0
25		2005 Total												8,217	(8,217)		0
26		Jan	50073252											1,023,871			1,023,871
27		Feb	50073252											8,217	(8,217)		0
28		Mar	50073252											8,217	(8,217)		0
29		Apr	50073252											8,217	(8,217)		0
30		May	50073252											8,217	(8,217)		0
31		Jun	50073252											8,217	(8,217)		0
32		Jul	50073252											8,217	(8,217)		0
33		Aug	50073252											8,217	(8,217)		0
34		Sep	50073252											8,217	(8,217)		0
35		Oct	50073252											8,217	(8,217)		0
36		Nov	50073252											8,217	(8,217)		0
37		Dec	50073252											8,217	(8,217)		0
38		2005 Total												8,217	(8,217)		0
39		Jan	50073252											8,217	(8,217)		0
40		Feb	50073252											8,217	(8,217)		0
41		Mar	50073252											8,217	(8,217)		0
42		Apr	50073252											8,217	(8,217)		0
43		May	50073252											8,217	(8,217)		0
44		Jun	50073252											8,217	(8,217)		0
45		Jul	50073252											8,217	(8,217)		0
46		Aug	50073252											8,217	(8,217)		0
47		Sep	50073252											8,217	(8,217)		0
48		Oct	50073252											8,217	(8,217)		0
49		Nov	50073252											8,217	(8,217)		0
50		Dec	50073252											8,217	(8,217)		0
51	2006	Jan	50073252											8,217	(8,217)		0
52		Feb	50073252											8,217	(8,217)		0
53		Mar	50073252											8,217	(8,217)		0
54		Apr	50073252											8,217	(8,217)		0
55		May	50073252											8,217	(8,217)		0
56		Jun	50073252											8,217	(8,217)		0
57		Jul	50073252											8,217	(8,217)		0
58		Aug	50073252											8,217	(8,217)		0
59		Sep	50073252											8,217	(8,217)		0
60		Oct	50073252											8,217	(8,217)		0
61		Nov	50073252											8,217	(8,217)		0
62		Dec	50073252											8,217	(8,217)		0
63		2006 Total												8,217	(8,217)		0
64		Jan	50073252											8,217	(8,217)		0
65		Feb	50073252											8,217	(8,217)		0
66		Mar	50073252											8,217	(8,217)		0
67		Apr	50073252											8,217	(8,217)		0
68		May	50073252											8,217	(8,217)		0
69		Jun	50073252											8,217	(8,217)		0
70		Jul	50073252											8,217	(8,217)		0
71		Aug	50073252											8,217	(8,217)		0
72		Sep	50073252											8,217	(8,217)		0
73		Oct	50073252											8,217	(8,217)		0
74		Nov	50073252											8,217	(8,217)		0
75		Dec	50073252											8,217	(8,217)		0

[illegible]

CWP Ledger			CWP Account (GLOBJ)										CWP Account (GLOBJ)									
Line No.	YEAR	Period / Month	Subledger / (GLSBL)	105050 - Accruals	105110 - History	105125 - Permits Bldgs	105150 - M&S	105200 - Co. Labor	105250 - Labor O.H.	105260 - Overhead	105270 - Svc. Co. Charges	105275 - Contracted Services	105280 - Retainage Bldgs	105350 - AFUDC Debt	105375 - AFUDC Equity	Total	Adjust 105260- Overhead	Adjustments to Invoices	% to Assestic (vs. Pub. Spd. & Bus. Affairs)	Total Assestic		
1	2006	Nov	50008455					8,011	6,920	4,618	15,217	82,691	38,474		117,457	117,457	(4,618)					
2			50073241				809		(13,725)	36,446		783,458				843,458	(36,446)	(807,012)	86.95%	8,862,704		
3			50073244							9,791		207,000				216,791		207,000	100.00%	403,480		
4			50073250									(526,240)				(526,240)		48,140	100.00%	357,223		
5			50073252									(32,000)				(32,000)		575,380	100.00%	2,582,472		
6			50073255			2,655											(126)	(1,327)	100.00%	154,869		
7			50073258			21										2,760		1,327	100.00%	1,250,708		
8			50073259			3,400										3,561		(3,16)	100.00%	6,096		
9			50073261			205											(765)		3,400	100.00%	3,400	
10	2006	Total			(1,653,687)	25,258	83,531	48,191	37,540	395,520	166,002	11,327,717	531,589	380,404	558,233	11,911,097	(395,420)	2,363	11,518,040			
11	Total					122,495	124,384	113,129	71,892	626,768	400,845	18,797,150	809,335	505,490	771,478	22,342,967	(626,768)	(73,505)	21,642,693			
12																						
13																						
14																						
15																						
16																						
17																						
18			Summary																			
19	PV Assestic - Enrg. & Desgn.		Subledger / (GLSBL)	105050 - Accruals	105110 - History	105125 - Permits Bldgs	105150 - M&S	105200 - Co. Labor	105250 - Labor O.H.	105260 - Overhead	105270 - Svc. Co. Charges	105275 - Contracted Services	105280 - Retainage Bldgs	105350 - AFUDC Debt	105375 - AFUDC Equity	Total	Adjust 105260- Overhead	Adjustments to Invoices	% to Assestic (vs. Pub. Spd. & Bus. Affairs)	Total Assestic		
20	304 - PV Assestic Power Prod. Equip.		50098455	-	-	-	28,002	109,785	71,892	149,748	4,005,118	9,988,461	809,335	190,804	310,033	5,437,897	(149,748)	(59,904)	89.56%	4,892,290		
21	310 - PV Assestic Pumping Equip.		50073241	-	-	-	11,461			301,337		388,000				11,655,806	(301,337)	(10,655)	86.95%	9,863,704		
22	311 - PV Assestic Wh. Trmt. Equip.		50073242	-	-	-				14,817						8,803		11,343,814	100.00%	403,480		
23	320 - PV Assestic Wh. Trmt. Equip.		50073244	-	-	-				13,902						2,942		357,223	100.00%	357,223		
24	330 - PV Assestic Dist. Res. & Sbs.		50073250	-	-	-				102,620		2,438,744				86,650		2,582,472	100.00%	2,582,472		
25	331 - PV Assestic T&O Maints		50073251	-	-	-				5,154		1,406,562				3,325		154,869	100.00%	154,869		
26	339 - PV Assestic Other Plant & Misc.		50073252	-	-	-	14	3,345		34,287						34,211		(14)	100.00%	1,250,708		
27	340 - PV Assestic Off. Furn. & Equip.		50073255	-	-	-				278						159		(1,327)	100.00%	6,096		
28	343 - PV Assestic Tools, Shop. & Gar.		50073258	-	-	-				18,533						18,533		(497)	100.00%	3,400		
29	345 - PV Assestic Transportation Equip.		50073259	-	-	-				161						2,816		(161)	100.00%	3,400		
30	346 - PV Assestic Common. Equip.		50073261	-	-	-				631						18,903		(631)	100.00%	3,400		
31	Total					122,495	124,384	113,129	71,892	626,768	400,845	18,797,150	809,335	505,490	771,478	22,342,967	(626,768)	(73,505)	89.56%	19,382,673		

Line No.	District	Net Plant in Service	General Metered Customers	Direct Salaries & Wages	Direct O&M (Excluding Labor)	4-Factor Allocation (Corp.)	4-Factor Allocation Cent. Div.	4-Factor Allocation (W. Div.)
1		\$		\$	\$			
2	Sun City Wastewater	15,249,370	22,067	69,254	2,288,180			
3	Az. Corp. Allocation	0.0336	0.1512	0.0147	0.1368	0.0841		
4	District Allocation	0.0355	0.1734	0.0178	0.1473		0.0935	
5	Sun City West Wastewater	22,638,277	14,931	470,090	1,239,750			
6	Az. Corp. Allocation	0.0499	0.1023	0.0999	0.0741	0.0815		
7	District Allocation	0.0527	0.1173	0.1208	0.0798		0.0927	
8	Mohave Wastewater	2,581,522	1,164	77,372	281,801			
9	Az. Corp. Allocation	0.0057	0.0080	0.0164	0.0168	0.0117		
10	District Allocation	0.1068	0.0624	0.0947	0.2354			
11	Distco/Treatco Sewer	79,537,549	7,940	353,154	462,263			0.1248
12	Az. Corp. Allocation	0.1752	0.0544	0.0750	0.0276	0.0831		
13	District Allocation	0.1850	0.0624	0.0908	0.0298		0.0920	
14	Sun City Water	26,766,282	23,052	953,327	2,333,481	0.1397		
15	Az. Corp. Allocation	0.0589	0.1580	0.2025	0.1395		0.1597	
16	District Allocation	0.0623	0.1811	0.2450	0.1503			
17	Agua Fria	150,854,315	30,053	682,916	3,120,953	0.2175		
18	Az. Corp. Allocation	0.3322	0.2060	0.1451	0.1866		0.2409	
19	District Allocation	0.3509	0.2362	0.1755	0.2010			
20	Tubac Water	2,434,222	530	82,789	81,195	0.0079		
21	Az. Corp. Allocation	0.0054	0.0036	0.0176	0.0049		0.0091	
22	District Allocation	0.0057	0.0042	0.0213	0.0052			
23	Mohave Water	15,582,754	15,985	612,639	703,899	0.0790		0.7100
24	Az. Corp. Allocation	0.0343	0.1096	0.1301	0.0421			
25	District Allocation	0.6445	0.8574	0.7500	0.5880			
26	Havasui Water	6,014,165	1,495	126,818	211,483	0.0158		0.1652
27	Az. Corp. Allocation	0.0132	0.0102	0.0269	0.0126			
28	District Allocation	0.2487	0.0802	0.1553	0.1767		0.0924	
29	Paradise Valley Water	22,943,637	4,732	489,311	2,380,133	0.0823		
30	Az. Corp. Allocation	0.0505	0.0324	0.1039	0.1423			
31	District Allocation	0.0534	0.0372	0.1258	0.1533			
32	Distco/Treatco Water	74,258,233	8,585	400,283	2,766,467	0.1182		
33	Az. Corp. Allocation	0.1635	0.0588	0.0850	0.1654		0.1303	
34	District Allocation	0.1727	0.0675	0.1029	0.1781			
35	Sun City West Water	35,211,077	15,371	389,343	858,112	0.0792		
36	Az. Corp. Allocation	0.0775	0.1053	0.0827	0.0513		0.0895	
37	District Allocation	0.0819	0.1208	0.1001	0.0553	1.0000		
38	Total Company	454,071,403	145,905	4,707,296	16,727,717		1.0000	
39	Central Division	429,892,962	127,261	3,890,467	15,530,534			1.0000
40	Western Division	24,178,441	18,644	816,829	1,197,183			

Line No.	Gallons Consumption	[A]	[B] Present Rates	[C] Proposed Rates	[D] Percent Increase
1			\$ 9.50	\$ 25.17	164.9%
2	-		13.30	31.36	135.8%
3	5,000		17.10	37.56	119.6%
4	10,000		20.90	43.75	109.3%
5	15,000		24.70	49.94	102.2%
6	20,000		28.50	56.14	97.0%
7	25,000		36.75	66.78	81.7%
8	30,000		45.00	77.43	72.1%
9	35,000		53.25	88.07	65.4%
10	40,000		61.50	98.71	60.5%
11	45,000		69.75	109.36	56.8%
12	50,000		78.00	120.00	53.8%
13	55,000		86.25	130.65	51.5%
14	60,000		94.50	141.29	49.5%
15	65,000		102.75	151.93	47.9%
16	70,000		111.00	162.58	46.5%
17	75,000		119.25	173.22	45.3%
18	80,000		140.90	197.26	40.0%
19	85,000		162.55	221.31	36.1%
20	90,000		184.20	245.35	33.2%
21	95,000		205.85	269.40	30.9%
22	100,000		227.50	293.44	29.0%
23	105,000		249.15	317.48	27.4%
24	110,000		270.80	341.53	26.1%
25	115,000		292.45	365.57	25.0%
26	120,000		314.10	389.62	24.0%
27	125,000				
28					
29					
30	Average Residential Consumption (kGal)		44.27		
31	Average Residential Bill		\$ 61.50	\$ 98.71	60.5%
32					
33	Monthly Minimum Rate		\$ 9.50	\$ 25.17	164.9%
34	Commodity Rate 0 to 25,000 gallons		0.760	1.2388	63.0%
35	Commodity Rate 25,001 to 80,000 gallons		1.650	2.1288	29.0%
36	Commodity Rate 80,001 gallons and over		4.330	4.8088	11.1%